



JK LakshmiPat University, Jaipur

Institute of Management

END TERM EXAMINATION, NOV-2017

MBA (FT) Semester III

Course: Security Analysis and Portfolio Management

MM: 50 Marks

Subject Code: MBA FN02

Time: 3 Hours

Attempt any three questions from Section A. Section B is compulsory. Financial Tables would be provided on demand.

Section A

- Q1. Compare and contrast 'Speculation' versus 'Arbitrage'. State characteristics of 'Investment' and detail the steps in the Investment Process. [10]
- Q2. Discuss Equity Markets, Debt Markets and Commodity Markets. How are commodity markets different from capital markets? [10]
- Q3. What is Technical Analysis? Discuss the tools and methods in Technical Analysis of equity stock with examples. [10]
- Q4. Write short notes on any two of the following: [5x2=10]
- (a) Financial Intermediation
 - (b) SEBI
 - (c) Steps in Portfolio Management
 - (d) Stock Market Operations
- Q5. (a) Differentiate between Debenture and Bond. Determine the YTM of a ₹1000 bond with coupon rate of 9% and 5 years to maturity trading at ₹960 in the market. [07]
- (b) Ramson Company has a beta of 1.5. The risk free rate of return is 6% and the market return is 14%. In the last year, the company paid a dividend of ₹1 and the growth rate in dividend is 5%. Estimate the equilibrium share price of the company. [03]

Section B

- Q6. Compute the Beta of Sonata Ltd. from the following information and interpret your result. Show your steps clearly. [10]

Month	1	2	3	4	5	6	7	8
Tetrapak Ltd. Return (%)	8	3	-6	-10	10	18	8	-4
Market Index Return (%)	6	8	7	5	10	5	12	-6

- Q7. (a) Compute the risk and return of the portfolio consisting of the securities M, N and P with the following information: [10]

Security	Return (%)	St. Div.	Proportion	Correlation Coefficients
M	20	15	0.25	$R_{MN} = 0.3$
N	14	8	0.50	$R_{MP} = 0.3$
P	15	10	0.25	$R_{NP} = 0.4$

- (b) If we create two different portfolios consisting of (i) M & N, and (ii) N & P in equal proportions, which amongst Portfolio (M,N) or Portfolio (N,P) would be a superior portfolio? Why?

ALL THE BEST!!!